

Message Text

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ACTION IO-13

INFO OCT-01 ISO-00 AF-08 ARA-06 EA-07 EUR-12 NEA-10
CIAE-00 COME-00 EB-08 INR-07 LAB-04 NSAE-00 SIL-01
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FM USMISSION GENEVA

TO SECSTATE WASHDC 5306

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E.O. 11652: N/A

TAGS: AORG, ILO, UN

SUBJECT: GENEVA GROUP MEETING ON ILO

1. GENEVA GROUP, THUS FAR, HAS MET TWICE IN FIRST WEEK OF ILO GOVERNING BODY TO EXCHANGE VIEWS WITH REPRESENTATIVES FROM CAPITALS ON ILO MATTERS. AT LEAST ONE OTHER MEETING IS PLANNED.

2. U.S. DEL (HOROWITZ) OPENED DISCUSSION STATING THAT DUE TO SITUATION IN WHICH U.S. FINDS ITSELF AT PRESENT WITH REGARD TO POSSIBLE WITHDRAWAL FROM ILO, WE FEEL IT WOULD NOT BE FAIR TO PARTICIPATE IN BUDGET DISCUSSION, BUT WE WOULD LISTEN WITH INTEREST TO WHAT OTHER HAD TO SAY.

3. CANADIANS BEGAN WITH STRONG, ARTICULATE STATEMENT OF SPECIFIC, OVER-ALL AREAS IN WHICH BUDGET REDUCTIONS COULD BE MADE. UPON REQUDST, THEY PRODUCED A BRIEF PAPER OUTLINING THEIR ANALYSIS WHICH SERVED AS THE BASIS FOR MUCH OF THE DISCUSSION. (COPIES BEING POUCHED IO-WOUTHWORTH AND WHILDEN.) FINAL CONCLUSION OF PAPER IS THAT BIENNIAL BUDGET SHOULD BE IN THE NEIGHBORHOOD OF U.S. \$152 MILLION INSTEAD OF PROPOSED U.S. \$169 MILLION.

4. THERE WAS MUCH SUPPORT FOR CANADIAN APPROACH IN ENSUING DISCUSSION, WITH SOME RESERVATIONS BY AUSTRALIANS, SWEDES, AND LIMITED OFFICIAL USE

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DUTCH. THERE WAS CONSIDERABLE DISCUSSION ABOUT WHAT TO DO IF THE U.S. WITHDRAWS, WITH MOST DELEGATIONS FEELING THAT SOME SORT OF CONTINGENCY PLAND HAD TO BE DEVELOPED. THERE WAS GENERAL OPPOSITION TO THE DG'S PROPOSED 65/35 SPLIT IN MEMBER CONTRIBUTIONS.

5. IN SPITE OF FACT THAT SOME FELT IT WOULD BE INAPPROPRIATE TO PRESS ILO ON MATTERS ON WHICH WE HADN'T PRESSED WHO DURING ITS

RECENT EB MEETING, CONSENSUS WAS REACHED ON THE FOLLOWING:

(A) GHE ASSUMED RATE OF INFLATION OF 4-5 PER CENT FOR THE 1975-1979 BIENNIUM IS TOO HIGH, IN LIGHT OF THE CURRENT RATE OF ABOUT ONE PER CENT IN SWITZERLAND. THE DG SHOULD BE PRESSED TO REVIEW THIS ASSUMPTION;

(B) ILO STAFF ARE GENERALLY WELL PAID, AND THE PROPOSED 2-2/2 PER CENT REAL SALARY INCREASE IS UNCALLED FOR. ITS INCLUSION IN THE BUDGET CANNOT BE ACCEPTED. AN REAL INCREASE IN SALARIES SHOULD BE ABSORBED BY INCREASED PRODUCTIVITY;

(C) SINE THERE IS ALWAYS SOME SAVINGS DUE TO STAFF TURNOVER, AN ADJUSTMENT (REDUCTION) FOR STAFF TURNOVER, WHICH IS LEFT OUT OF THE PROPOSED BUDGET, SHOULD BE PUT BACK IN;

(D) THE PROPOSED ONE-TIME PAYMENT OF \$10 MILLION TO REPLENISH THE WORKING CAPITAL FUND IS TOO LARGE. THE DG SHOULD BE ASKED TO REVIEW THE NEED FOR SUCH A LARGE PAYMENT FOR THE FUND.

6. AS WILL BE REPORTED SEPARATELY, ALL OF THESE POINTS WERE MADE IN THE INTRODUCTORY GENERAL DEBATE OF THE PROPOSED BUDGET.

7. THE EGENEVA GROUP PLANS TO MEET AGAIN EARLY NEXT WEEK, HOPEFULLY AFTER HAVING THE DG'S RESPONSES TO THESE POINTS. CATTO

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